

AMENDED IN ASSEMBLY MARCH 21, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1098

Introduced by Assembly Member Quirk-Silva

February 22, 2013

An act to amend Section 16000 of the Business and Professions Code, relating to business licenses: *add Section 12098.7 to the Government Code, relating to small business.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1098, as amended, Quirk-Silva. ~~Business licenses: city licensure. Office of Small Business Advocate: regulations: report.~~

Existing law creates the Office of Small Business Advocate within the Governor's Office of Business and Economic Development. Existing law establishes the duties and functions of the advocate, which include advisory participation in the consideration of all legislation and administrative regulations that effect small businesses.

This bill would require the advocate to commission a study, to be conducted every five years, of the costs of state regulations on small businesses, as specified, and to convene a small business advisory committee, representing a cross section of the small business community, to provide advice on the study. The bill would require that the study, upon completion and including recommendations, be submitted to the Department of Finance, the Speaker of the Assembly, the Senate President pro Tempore, and specified legislative committees.

~~Existing law authorizes the legislative body of an incorporated city to license businesses within the limits of its jurisdiction, as specified. Existing law requires any legislative body that fixes the rate of license fees upon a business operating both within and outside the legislative~~

body's taxing jurisdiction to levy the license fee so that the measure of the fee fairly reflects that proportion of the activity actually carried on within the taxing jurisdiction.

~~This bill would make a nonsubstantive change to that provision.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. The Legislature hereby finds and declares:*

2 *(a) Small business remains the backbone of the state's economy.*
3 *Regulatory burdens and costs continue to be one of the major*
4 *complaints of small businesses.*

5 *(b) The federal Small Business Administration began analyzing*
6 *the cost and burdens of federal regulations on small businesses*
7 *in 1995. A recent report found that the annual cost of federal*
8 *regulations in the United States totaled \$1.75 trillion. It also found*
9 *the costs of federal regulations on firms with fewer than 20*
10 *employees was \$10,585 in 2010. For small businesses, the*
11 *regulatory and paperwork costs were found to be more burdensome*
12 *for the small firms than larger firms.*

13 *(c) Small businesses significantly impact California's economy.*
14 *They represent 99.2 percent of all employers and employ 50.4*
15 *percent of the private-sector labor force. Small businesses are*
16 *crucial to the fiscal condition of the state and numbered 3.5 million*
17 *in 2010.*

18 *(d) The state does not have a current analysis on state regulatory*
19 *costs similar to that created for federal regulatory costs.*
20 *Understanding the financial effect of state regulations would help*
21 *policymakers reduce or design more cost-effective regulatory*
22 *approaches that achieve desired policy objectives while placing*
23 *the least burden on the regulated industries.*

24 *SEC. 2. Section 12098.7 is added to the Government Code, to*
25 *read:*

26 *12098.7. The advocate shall do all of the following:*

27 *(a) Commission a study, to be conducted every five years, of*
28 *the costs of state regulations on small businesses, which shall,*
29 *among other things, do all of the following:*

1 (1) *Parallel, to the extent feasible and practical, the scope and*
2 *study on the impact of regulatory costs on small firms conducted*
3 *by the federal Small Business Administration.*

4 (2) *Examine successful models from other states on identifying*
5 *regulatory costs and developing potential alternative approaches*
6 *that meet the same regulatory objectives, but are less burdensome*
7 *on small businesses.*

8 (b) *Convene a small business advisory committee to provide*
9 *advice on the study required pursuant to subdivision (a). The*
10 *committee shall include, but not be limited to, representatives from*
11 *small business associations representing a cross section of the*
12 *small business community.*

13 (c) (1) *No later than January 1, 2015, and every five years*
14 *thereafter, submit the completed study required pursuant to*
15 *subdivision (a), including recommendations, to the Department*
16 *of Finance, the Speaker of the Assembly, the Senate President pro*
17 *Tempore, the chair of the Assembly Committee on Jobs, Economic*
18 *Development, and the Economy and the chair of the Senate*
19 *Committee on Government Modernization, Efficiency and*
20 *Accountability.*

21 (2) *The report to be provided pursuant to paragraph (1) shall*
22 *be submitted in compliance with Section 9795 of the Government*
23 *Code.*

24 ~~SECTION 1. Section 16000 of the Business and Professions~~
25 ~~Code is amended to read:~~

26 ~~16000. (a) The legislative body of an incorporated city may,~~
27 ~~in the exercise of its police power, and for the purpose of~~
28 ~~regulation, as herein provided, and not otherwise, license any kind~~
29 ~~of business not prohibited by law transacted and carried on within~~
30 ~~the limits of its jurisdiction, including all shows, exhibitions and~~
31 ~~lawful games, and may fix the rates of the license fee and provide~~
32 ~~for its collection by suit or otherwise. A legislative body, including~~
33 ~~the legislative body of a charter city, that fixes the rate of license~~
34 ~~fees pursuant to this subdivision upon a business operating both~~
35 ~~within and outside the legislative body's taxing jurisdiction shall~~
36 ~~levy the license fee so that the measure of the fee fairly reflects~~
37 ~~that proportion of the activity actually carried on within the taxing~~
38 ~~jurisdiction.~~

39 ~~(b) No license fee levied pursuant to subdivision (a) that is~~
40 ~~measured by the licensee's income or gross receipts, whether levied~~

1 by a charter or general law city, shall apply to any nonprofit
2 organization that is exempted from taxes by Chapter 4
3 (commencing with Section 23701) of Part 11 of Division 2 of the
4 Revenue and Taxation Code or Subchapter F (commencing with
5 Section 501) of Chapter 1 of Subtitle A of the Internal Revenue
6 Code of 1986, or the successor of either, or to any minister,
7 clergyman, Christian Science practitioner, rabbi, or priest of any
8 religious organization that has been granted an exemption from
9 federal income tax by the United States Commissioner of Internal
10 Revenue as an organization described in Section 501(c)(3) of the
11 Internal Revenue Code or a successor to that section.

12 (e) Before a city, including a charter city, issues a business
13 license to a person to conduct business as a contractor, as defined
14 in Section 7026, the city shall verify that the person is licensed by
15 the Contractors' State License Board.